

Teachers' Retirement Board  
Investment Committee  
OPEN SESSION

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Subject: Activity Status Report - Item Number: 12  
Credit Enhancement Program Attachment(s): 2

Action: \_\_\_\_\_ Date of Meeting: May 6, 1998

Information: X Presenters: Mr. Rose

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EXECUTIVE SUMMARY

The First Class Foods - Trojan Inc. transaction for \$3.75 million has closed. STRS is providing a Master Letter of Credit. The transaction is expected to close in April, 1998.

STRS is providing credit enhancement supporting several transactions for the City of Pasadena. STRS has closed on a transaction supporting the Los Robles Parking facility (\$9.9 million). The Rose Bowl projects (\$15.6 million) will close any day. The \$20 million (50% of the total) credit enhancement to support the Pasadena Fire and Police Retirement System (FPRS) pension obligation bonds is expected to close in the Spring.

The Western Waste & Sanifill transactions (both companies since acquired by USA Waste), totaling \$14.8 million, are being refinanced with long term fixed rate debt. The STRS commitment will expire over the next several months.

**1. First Class Food - Trojan, Inc. Los Angeles, CA**

First Class Food is a meat processing and distribution company located in Los Angeles, Ca. The proposed project site in the city of Los Angeles consists of approximately 13 acres of land with a vacant 224,000 square foot facility that was used for the production and distribution of ice cream. FCF plans to renovate the existing facility and add refrigeration, insulation panels, racking, and lighting. FCF owns the site. All new equipment and processing will be in accordance with USDA standards. Project costs include the following: \$500,000 for land acquisition, \$2,750,000 for building acquisition and renovation, and \$675,000 for new equipment acquisition and installation. Facility construction was scheduled to begin in February 1998 and conclude in February 1999. STRS will wrap another bank.

## 2. City of Pasadena - Pasadena, CA

STRS has been selected to provide \$45.5 million in credit enhancements for the City of Pasadena for the following transactions:

	AMOUNT ( \$MIL )	STRS ( \$MIL )
<b>ROSE BOWL (one LOC covers both issues)</b>		
1991 COPS (original issue of \$12.7 Mil)	\$10.6	\$5.3
1996 COPS (original issue of \$21.2 Mil)	\$20.6	\$10.3
<b>LOS ROBLES AVENUE PARKING FACILITY</b>		
1987 cops (original issue of \$20.2 Mil)	\$19.8	\$9.9
<b>PENSION OBLIGATION BONDS</b>		
Series 1998	\$40.0	\$20.0
<u>TOTAL</u>	\$91.0	\$45.5

The Los Robles transaction has closed. The Rose Bowl projects transaction will close any day. The Pasadena Fire and Police Retirement System Pension Obligation Bonds are expected to close in the Spring of 1998.

## 3. Western Waste (Torrance, Ca) & Sanifill Inc (Novato Project) (Since acquired by USA Waste).

STRS provided letters of credit to support \$9.7 million in tax exempt pollution control bonds for Western Waste in 1994 and \$5.1 million in tax exempt pollution control bonds for Sanifill Inc. in 1995. USA Waste Industries acquired both of these entities over the past two years and is in the process of issuing new fixed rate securities to replace the outstanding commitments currently enhanced by STRS.

Over the next couple of months, these commitments will expire.

***STRS CREDIT ENHANCEMENT PROGRAM***  
**PROGRAM SUMMARY AS OF APRIL 15, 1998**

Transactions	Type	Closing Date	End of Commitment	STRS Commitment	Interest	Total Commitment	Fiscal 1997 - 98 Fee Income	Fee Income To Date
<b>Port of Long Beach</b>	Liquidity	Jun-94	Feb-00	\$75,000,000	\$0	\$75,000,000	\$57,402	\$147,012
<b>Bridge - Richmond Townhomes</b>	Credit	Aug-94	Feb-97	\$0	\$0	\$0	\$0	\$15,096
<b>USA Waste Industries</b>	Credit	Nov-94	Nov-99	\$9,764,121	\$0	\$9,764,121	\$46,786	\$180,899
<b>Sanifill, Inc.</b>	Credit	Oct-95	Oct-00	\$5,000,000	\$85,479	\$5,085,479	\$43,809	\$43,809
<b>Pt. Loma College</b>	Credit	Aug-96	Aug-00	\$25,000,000	\$369,863	\$25,369,863	\$105,030	\$255,971
<b>City of Visalia (California)</b>	Credit	Sep-96	Sep-01	\$3,490,000	\$72,286	\$3,562,286	\$5,762	\$26,802
<b>Buck Research on Aging</b>	Credit	Dec-96	Dec-99	\$27,500,000	\$397,808	\$27,897,808	\$139,528	\$231,953
<b>LA Fairplex</b>	Credit	Jul-97	Jul-00	\$17,900,000	\$698,224	\$18,598,224	\$85,771	\$85,771
<b>San Diego Unified Port District (20)</b>	Credit	Oct-97	Oct-02	\$35,000,000	\$1,365,243	\$36,365,243	\$19,498	\$19,498
<b>San Diego Unified Port District (21)</b>	Credit	Oct-97	Oct-02	\$15,000,000	\$585,104	\$15,585,104	\$6,998	\$6,998
<b>Pasadena Parking Authority</b>	Credit	Jan-98	Jan-03	\$9,909,167	\$0	\$9,909,167	\$5,269	\$5,269
<b>Adventist West</b>	Credit	Feb-98	Feb-05	\$114,500,000	\$1,693,973	\$116,193,973	\$5,000	\$5,000
CSCDA - IDB's Series 1994B								
<b>Propak of California</b>	Credit	Nov-94	Nov-00	\$3,210,000	\$71,763	\$3,281,763	\$2,606	\$40,159
<b>J. Michelle/Edie Lee</b>	Credit	Nov-94	Nov-00	\$2,840,000	\$63,492	\$2,903,492	\$2,624	\$42,809
<b>Pasco Scientific</b>	Credit	Dec-94	Dec-00	\$2,825,000	\$63,156	\$2,888,156	\$2,735	\$40,988
<b>American River Packaging</b>	Credit	Dec-94	Dec-00	\$1,765,000	\$39,459	\$1,804,459	\$1,776	\$25,285
<b>Lance Camper Manuf.</b>	Credit	Dec-94	Dec-00	\$3,835,000	\$85,736	\$3,920,736	\$3,649	\$49,070

CSCDA - IDB's  
Series 1989-90

Sheet1

Intermountain Trading	Credit	Feb-95	Feb-01	\$320,000	\$7,154	\$327,154	\$1,436	\$6,754
Andercraft Products	Credit	Feb-95	Feb-01	\$850,000	\$19,003	\$869,003	\$4,612	\$21,394
Sunclipse. Inc.	Credit	Feb-95	Feb-01	\$3,200,000	\$71,540	\$3,271,540	\$9,223	\$37,646
Sunclipse, Inc.	Credit	Feb-95	Feb-01	\$2,135,000	\$47,730	\$2,182,730	\$6,333	\$28,295
Rapelli of California, Inc.	Credit	Mar-95	Mar-01	\$2,500,000	\$55,890	\$2,555,890	\$7,054	\$29,609
AHNNN, Inc.	<b>Expired. Redeemed as of Sept-97.</b>			\$0	\$0	\$0	\$970	\$9,416
Zarn, Inc.	Credit	Mar-95	Feb-01	\$970,000	\$21,685	\$991,685	\$2,547	\$18,462
Marcel & Marge Schurman	Credit	Mar-95	Feb-01	\$1,725,000	\$38,564	\$1,763,564	\$3,842	\$22,463
Charles & Loralie Harris	Credit	Mar-95	Feb-01	\$2,440,000	\$54,549	\$2,494,549	\$5,149	\$29,855
American Zettler	Credit	Mar-95	Mar-01	\$2,145,000	\$47,954	\$2,192,954	\$4,344	\$22,161
Aqua Serv Engineering	Credit	Mar-95	Mar-01	\$1,540,000	\$34,428	\$1,574,428	\$5,337	\$29,839
Contech Engineering Prod.	Credit	Mar-95	Mar-01	\$1,440,000	\$32,193	\$1,472,193	\$2,769	\$15,908
Evapco, Inc.	Credit	Mar-95	Mar-01	\$540,000	\$12,072	\$552,072	\$1,141	\$6,726
Florestone Products Co.	Credit	Mar-95	Mar-01	\$1,615,000	\$36,105	\$1,651,105	\$3,085	\$18,530
Grundfos Pumps Company	Credit	Mar-95	Mar-01	\$6,000,000	\$134,137	\$6,134,137	\$11,018	\$56,221
Instrument Specialities Co.	Credit	Mar-95	Mar-01	\$745,000	\$16,655	\$761,655	\$1,511	\$10,206
McCain Citrus	Credit	Mar-95	Mar-01	\$3,000,000	\$67,068	\$3,067,068	\$4,815	\$25,133
Mc Elroy Metal Mills, Inc.	Credit	Mar-95	Mar-01	\$660,000	\$14,755	\$674,755	\$1,358	\$9,863
NRI, Inc.	Credit	Mar-95	Mar-01	\$1,575,000	\$35,211	\$1,610,211	\$3,013	\$16,550
W & H Voortman, Inc.	Credit	Mar-95	Mar-01	\$2,520,000	\$56,338	\$2,576,338	\$4,306	\$22,466
Image Laboratories, Inc.	<b>Expired. Redeemed as of Dec-96.</b>			\$0	\$0	\$0	\$0	\$26,854
Allwire, Inc.	Credit	Mar-95	Mar-01	\$330,000	\$7,378	\$337,378	\$1,823	\$7,499
Fairway Molds, Inc.	Credit	Mar-95	Mar-01	\$660,000	\$14,755	\$674,755	\$4,064	\$16,483
S & P Investments	Credit	Mar-95	Mar-01	\$1,250,000	\$27,945	\$1,277,945	\$4,365	\$17,595
Northwest Pipe & Casing	Credit	Apr-95	Apr-01	\$3,250,000	\$72,658	\$3,322,658	\$9,719	\$39,426
Reliance Upholstery	Credit	Apr-95	Apr-01	\$300,000	\$6,707	\$306,707	\$1,864	\$7,780
Zieman Manufacturing	Credit	Apr-95	Apr-01	\$455,000	\$10,172	\$465,172	\$2,135	\$8,180
CSCDA - IDB's								
Series 1995A								
Carvin Corporation	Credit	Jun-95	Jun-00	\$2,420,000	\$54,102	\$2,474,102	\$4,912	\$30,667
Leegin Creative Leather Prod.	<b>Expired. Redeemed as of Dec-97.</b>			\$0	\$0	\$0	\$3,220	\$19,469

Sheet1

<b>Kennerley-Spratling</b>	Credit	Jun-95	Jun-00	\$3,065,000	\$68,522	\$3,133,522	\$6,085	\$36,642
<b>Vantage Properties</b>	Credit	Jun-95	Jun-00	\$1,690,000	\$37,782	\$1,727,782	\$3,584	\$20,627
<b>BNG Properties, LLC</b>	<b>Expired. Redeemed as of Aug-96.</b>			\$0	\$0	\$0	\$0	\$12,253
<b>Staub Metals, Inc.</b>	Credit	Aug-95	Jun-00	\$1,280,000	\$28,616	\$1,308,616	\$2,980	\$18,017
<b>Aerostar Partners, Inc.</b>	Credit	Sep-95	Sep-00	\$4,645,000	\$103,844	\$4,748,844	\$13,279	\$46,305
<b>Walker Spring and Stamping Corp.</b>	Credit	Sep-95	Sep-00	\$3,640,000	\$81,376	\$3,721,376	\$10,547	\$37,325
<b>Encore Video, Inc.</b>	Credit	Sep-95	Sep-00	\$780,000	\$17,438	\$797,438	\$2,618	\$9,475
<b>EuroDesign Cabinets, Inc.</b>	Credit	Sep-95	Sep-00	\$1,040,000	\$23,250	\$1,063,250	\$3,354	\$12,532
<b>South Bay Circuits, Inc.</b>	Credit	Sep-95	Sep-00	\$1,950,000	\$43,595	\$1,993,595	\$5,832	\$21,267
<b>W &amp; H Voortman, Inc.</b>	Credit	Sep-95	Sep-00	\$1,080,000	\$24,145	\$1,104,145	\$3,417	\$12,142
<b>Red Line Oil Co.</b>	Credit	Nov-95	Nov-00	\$1,095,000	\$24,480	\$1,119,480	\$3,986	\$14,603
<b>Johansen Dielectics</b>	Credit	Nov-95	Nov-00	\$2,700,000	\$60,362	\$2,760,362	\$7,929	\$30,461
<b>Peet's Coffee</b>	Credit	Dec-95	Dec-00	\$3,500,000	\$78,247	\$3,578,247	\$10,154	\$34,010
<b>Safariland</b>	Credit	Sep-96	Sep-01	\$4,000,000	\$82,849	\$4,082,849	\$8,732	\$16,933
<b>Control Air Conditioning</b>	Credit	Jun-97	Jun-00	\$5,000,000	\$111,781	\$5,111,781	\$16,454	\$24,090
CSCDA - IDB Series 1996M								
<b>Cordeiro Vault Co., Inc.</b>	Credit	Dec-96	Dec-00	\$1,130,000	\$25,262	\$1,155,262	\$4,544	\$8,921
CSCDA - IDB Series 1996M								
<b>Fibrebond West, Inc.</b>	Credit	Dec-96	Dec-00	\$8,000,000	\$178,849	\$8,178,849	\$22,608	\$48,307
Confirmation #1								
<b>Suncreek Apts.</b>	Credit	Apr-96	Apr-01	\$6,800,000	\$78,247	\$6,878,247	\$26,271	\$93,638
Confirmation #2								
<b>CMIG LLC</b>	Credit	Nov-97	Nov-00	\$1,000,000	\$14,795	\$1,014,795	\$1,500	\$1,500
Confirmation #3								
<b>Monrovia Redevelopment Agency</b>	Credit	Jan-98	Jan-01	\$8,600,000	\$229,727	\$8,829,727	\$19,694	\$19,694

<b>TOTAL:</b>	<b>\$458,118,287</b>	<b>\$7,901,503</b>	<b>\$466,019,790</b>	<b>\$823,774</b>	<b>\$2,352,582</b>
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**note: aerostar #9 commitment: 4,895,000 as of nov 5, 1996**

**STRS CREDIT ENHANCEMENT PROGRAM**  
**BANK EXPOSURE**  
**PROGRAM SUMMARY AS OF APRIL 15, 1998**

Deal	Commitment	Interest	Total	Portfolio Percentage
<b>PARTNER INSTITUTION</b>				
<b>Port of Long Beach</b>				
Canadian Imperial Bank of Commerce (CIBC)	\$75,000,000	\$0	\$75,000,000	16.37%
<b>Buck Research Center on Aging</b> (CIBC)	\$27,500,000	\$397,808	\$27,897,808	6.00%
<b>USA Waste Industries</b>				
Bank of California	\$9,764,121	\$0	\$9,764,121	2.13%
<b>Sanifill, Inc.</b>				
Texas Commerce Bank	\$5,000,000	\$85,479	\$5,085,479	1.09%
<b>San Diego Unified Port District</b> (CIBC)	\$35,000,000	\$1,365,243	\$36,365,243	7.64%
<b>San Diego Unified Port District</b> (CIBC)	\$15,000,000	\$585,104	\$15,585,104	3.27%
<b>Pasadena Parking Authority</b> (CIBC)	\$9,909,167	\$0	\$9,909,167	2.16%
<b>Adventist West</b> (MBIA)	\$114,500,000	\$1,693,973	\$116,193,973	24.99%
<b>DIRECT BANK EXPOSURE</b>				
<b><u>Letter of Credit Bank:</u></b>				
Union Bank of California, N.A.	\$36,135,000	\$807,840	\$36,942,840	7.89%
Long Term Cr Bank of Japan	\$25,000,000	\$369,863	\$25,369,863	5.46%
Tokai Bank	\$17,900,000	\$698,224	\$18,598,224	3.91%
Bank of America	\$16,655,000	\$372,342	\$17,027,342	3.64%
Wells Fargo Bank	\$8,840,000	\$197,628	\$9,037,628	1.93%
First Commerce Bank	\$8,000,000	\$178,849	\$8,178,849	1.75%
Bank of Nova Scotia	\$6,600,000	\$147,551	\$6,747,551	1.44%
Imperial Bank of California	\$4,000,000	\$82,849	\$4,082,849	0.87%
The Fuji Bank, Limited	\$3,490,000	\$72,286	\$3,562,286	0.76%

Sheet1

Istituto Bancario San Paolo Di Torino Spa	\$2,500,000	\$55,890	\$2,555,890	0.55%
City National Bank	\$2,390,000	\$53,431	\$2,443,431	0.52%
Comerica Bank	\$1,950,000	\$43,595	\$1,993,595	0.43%
Mellon Bank	\$1,440,000	\$32,193	\$1,472,193	0.31%
Fleet Bank	\$1,280,000	\$28,616	\$1,308,616	0.28%
Societe Generale	\$970,000	\$21,685	\$991,685	0.21%
CoreStates Bank	\$745,000	\$16,655	\$761,655	0.16%
National Bank of Canada	\$660,000	\$14,755	\$674,755	0.14%
1st Business Bank	\$660,000	\$14,755	\$674,755	0.14%
NationsBank	\$540,000	\$12,072	\$552,072	0.12%
Sanwa Bank of California	\$10,290,000	\$230,045	\$10,520,045	2.25%
<b>Suncreek Apts. (Confirmation #1)</b>				
US Bank of California	\$6,800,000	\$78,247	\$6,878,247	1.48%
<b>CMIG LLC (Confirmation #2)</b>				
Santa Barbara Bank and Trust	\$1,000,000	\$14,795	\$1,014,795	0.22%
<b>Monrovia Redevelopment Agency (Confirmation #3)</b>				
General Bank	\$8,600,000	\$229,727	\$8,829,727	1.88%
<b>Total Bank Exposure</b>	<b>\$458,118,287</b>	<b>\$7,901,503</b>	<b>\$466,019,790</b>	<b>100.00%</b>